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C O N F I D E N T I A L SECTION 01 OF 03 SOFIA 000443

SIPDIS

FOR THE SECRETARY

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TAGS: [OVIP](#) [PGOV](#) [PREL](#) [MARR](#) [BG](#)
SUBJECT: SCENESETTER FOR YOUR VISIT TO SOFIA

Classified By: Charge d'Affaires Alex Karagiannis for reasons
1.5 (b) and (d).

11. (C) The Bulgarians are delighted to host you and bestow their highest honor, the Stara Planina award, for your help in freeing the Bulgarian nurses wrongly held by Libya for eight years. Public support for the nurses has faded since their emotional homecoming last July 24, and relations between the nurses and the government have soured, in both cases over issues of compensation. Appreciation for your role in the nurses' release remains quite strong, tribute to our principled diplomacy in dealing with Qaddafi.

12. (C) Your arrival will come 13 months after the President's very successful Sofia visit and three weeks after PM Stanishev's Oval Office meeting. In the last year we have made steady, appreciable progress on our agenda. With President Parvanov, PM Stanishev and FM Kalfin teaming well together, Bulgaria has steadfastly remained with us on key international security issues -- notably Iraq, Afghanistan and Kosovo. But the Parvanov-Stanishev relationship has recently evolved from mentor-protg to become more problematic. The two have papered over public differences on major party and governance issues, but few observers expect more than an uneasy truce between them for the duration of this government's mandate.

13. (C) You will find Parvanov thoughtful, low-key, and measured. Stanishev will be more engaging and open. Optimistic and pragmatic, he is Bulgaria's best international face. The Foreign Minister is a pivotal figure; he is close to both Stanishev and Parvanov, and as Deputy PM oversees the Defense Ministry and its inexperienced, young Minister. He will be instrumental in shaping and executing foreign and security policy as the President and PM increasingly focus on legacy issues and the future of their governing but divided Socialist party as it heads to elections that must be held by June 30, 2009. Each is determined that Bulgaria burnish its international and transatlantic credentials. We look to them to make a more compelling public case for the strategic importance for Bulgaria's security cooperation with NATO and the United States to reverse stubbornly high disapproval (over 70 percent) of Bulgarian overseas deployments and a U.S. defense presence in Bulgaria.

International Security

14. (C) Bulgaria has quietly sustained its Iraq and Afghanistan commitments. The government quadrupled forces in Afghanistan last year, and added 50 more this year to a Kandahar mission. We believe it has the capacity and political space to do still more. We have urged the government to take on two OMLTs; a strong word from you will drive that process. In Iraq, Bulgaria agreed to transfer its

mission at Camp Ashraf to Camp Cropper at our request, and has committed to remaining in place through 2008. It is open to extending its deployment into 2009, possibly even taking on training missions, provided there is an UNSCR or an opt-in to a U.S.-Iraq SOFA. Your reassurance on this point would be valuable. In fall 2007 Bulgaria negotiated an innovative cash payment agreement as part of a USD 3.5 billion Iraqi debt-forgiveness settlement. Bulgaria is to receive USD 360 million from Iraq on July 1.

15. (C) This summer we will conduct the largest-ever joint exercises (over 900 Americans and 100 Bulgarians) and will start construction of the permanent training facilities at Bulgarian bases (authorized under the Defense Cooperation Agreement you signed in 2006), which will inject economic dynamism into depressed rural areas. The government looks to us for advice and leadership as it undertakes military modernization, especially on obtaining multi-role fighters for its badly aging and Russia-dependent Air Force. Following PM Stanishev's meeting with Secretary Gates, DOD will send a team to advise the Bulgarians on their modernization plans and procurement priorities, leading, we expect, to the purchase of U.S. aircraft. Emphatic support for deployable, NATO inter-operable forces will help Bulgaria avoid budget-busting (European and Russian) systems that do not add to NATO capabilities and missions.

16. (C) Bulgaria has played a stabilizing but not overtly assertive leadership role in southeastern Europe, the Black Sea and Caucasus. It supports Macedonia's NATO membership, staying mostly clear of the name dispute with Greece. It favored MAP for Ukraine and Georgia (and has large arms deals

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with Tbilisi) but tries to keep a low profile in deference to Russia. Sofia supports Missile Defense, emphasizing the need for NATO systems that would cover Bulgaria as well. Bulgaria was in the second wave in recognizing Kosovo and joined the ISG in May. It has consistently and quietly encouraged Kostunica and other hard-line Serbs to temper emotions and has promoted Serbia's European integration. Bulgaria recently joined Norway to train Kosovar diplomats. Your hosts will be intensely interested in your assessment of Russian policy regarding European and trans-Atlantic security.

Russia And Energy

17. (C) Bulgarians romanticize Russia's nineteenth century role in its liberation from the Ottoman Empire, and much of the population retains fond memories even of the Soviets. A generation of Moscow-trained and Moscow-leaning officials has yet to make a true attitudinal change, accounting for Russia's 70 percent approval ratings (neck and neck with the EU and outpacing the United States by 20 points). The government keeps a wary eye on Russia, concerned that Moscow casts a long and deep shadow here. Russian energy dominance (it provides over 90 percent of Bulgaria's oil and natural gas and 100 percent of nuclear energy) and eight Putin meetings with Parvanov have enabled Moscow to exert tremendous influence.

18. (C) While Bulgarian officials resent Russian pressure and heavy-handed tactics, they do not have ready answers. They wobbled during Putin's January visit to sign a South Stream gas pipeline deal that is technically and commercially questionable and strengthens Russia's stranglehold over energy supplies to eastern Europe. Since then Bulgaria has talked up interest in diversification, including Nabucco and gas from Azerbaijan, from the Turkey-Greece-Italy inter-connector, from Egypt via Turkish pipelines and in reaching out to North African, Gulf and central Asian countries. Bulgaria has touted itself as a possible energy hub, and recently dialed up the decibel level on Nabucco. The Government now needs genuine action -- to diversify

energy sources, develop alternative energy, increase energy efficiency and actively push for and help define a coherent, robust EU energy strategy.

Rule of Law -- A Glaring Shortcoming

¶9. (C) The Bulgarian economy is doing quite well at the macro level, and it continues to attract considerable foreign investment. U.S. firms increasingly look here for opportunities, and the largest single investments are American. Still, Bulgaria can do a better job in transparency and accountability. This is part of a much larger problem of public integrity and systemic underperformance in the rule of law. Judicial delays are a critical problem; prosecutors were forced to dismiss more than 20,000 cases in 2007 due to the statute of limitations. Widespread corruption, serial scandals in multiple ministries (with precious few arrests, let alone indictments or trials), the forced resignation of the previous Interior Minister, over 125 unsolved contract murders, and a seeming culture of impunity for shady but politically powerful businessmen has fed public cynicism and EU ire.

¶10. (C) Stanishev appointed a new, honest Interior Minister and gave him a mandate to thoroughly overhaul the Ministry. The new Minister reached out to us for expertise to help in the reform process. Stanishev also got the parliament to close duty free shops (expected by July 9) that were notorious fronts for smuggling and money laundering. Earlier in the year he created, with our help, a new, independent domestic security agency, which already proved its value, helping uncover Interior Ministry corruption.

¶11. (C) These steps, while welcome, do not adequately address U.S. and EU concerns over deep-seated institutional weaknesses. With its poll numbers already sagging, the government is bracing for a very negative (July 23) EU report on its rule of law performance and ability to handle EU funds. The EU may strip Bulgaria of billions of Euros in accession funds owing to massive shortcomings in accounting for both national and EU-supported projects. It could even impose safeguard clauses or other sanctions, sapping public confidence in Bulgaria's ability to live up to its EU commitments. The possibility of a cabinet reshuffle cannot

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be discounted. The government is busily cultivating key leaders (Stanishev and Parvanov will visit France on July 4 and July 12-14 respectively) to build a firewall. Even if the EU pulls its punches, Bulgaria needs immediate, concrete results -- cleaning house, closing banking sector loopholes that facilitate money laundering, convicting corrupt officials -- to regain full credibility with its own public, international partners and foreign investors.

Still Upbeat

¶12. (C) Though Bulgaria is encountering some air pockets, we are convinced it can play a greater leadership role in the region and also take more substantial and effective rule of law measures. Our support will encourage the government to build its international security capacity, deploy forces overseas, modernize its military, promote energy diversity, fight money laundering and upgrade public integrity and accountability. During the PM's visit, we signed a VWP declaration and two non-proliferation agreements, and also announced FAA category 1 status for Sofia airport, which tremendously boosted our already vibrant relationship. Your meetings will energize your hosts to gain additional momentum on our shared objectives.

Karagiannis